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**TESTIMONY OF KEVIN BOSHEARS
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DEPARTMENT OF THE TREASURY
BEFORE THE HOUSE COMMITTEE ON VETERANS' AFFAIRS
FEBRUARY 5, 2003**

Introduction

Chairman Smith, Congressman Evans, and Members of the Committee, I am pleased to appear before you today to discuss the Treasury Department's small business procurement program.

Background

Treasury's Office of Small Business Development (OSBD) supports the Small Business Act by stating in our small business standard operating procedures that it is the policy of the Treasury Department to provide maximum practicable opportunities in our acquisitions to small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.

The OSBD assists, counsels, and advises small businesses of all types on procedures for contracting with Treasury. Additionally, the OSBD works closely with each Treasury bureau to implement the Department's small business procurement assistance program. Each bureau has appointed a Small Business Specialist, located within the procurement office, to coordinate the program.

The OSBD focuses its efforts in four major areas:

- Information Dissemination – Internet and Hard Copy Publications
- Outreach
- Training
- Mentor-Protégé Program

Additionally, the OSBD, in conjunction with the bureaus, works closely with the Small Business Administration (SBA) to establish small business procurement goals on a fiscal year basis. The accomplishments are provided from the Federal Procurement Data Center to the SBA which prepares a report for Congress and the President.

Outreach Program

Treasury has a rigorous small business outreach program. In Fiscal Year 2002 (FY 02), we hosted 14 vendor outreach sessions. These events feature pre-arranged 15 minute appointments for small business owners and representatives in a central location with Treasury representatives or Treasury large business prime contractor representatives. The following FY 02 listing provides a summary of these sessions:

Date	Activity	Location or Notes
October 15, 2001	Monthly Vendor Outreach Session	Oxon Hill, MD
November 2, 2001	Large Business Prime Contractor and Subcontracting Opportunities Vendor Outreach Session	Oxon Hill, MD
November 13, 2001	Service Disabled and Veteran Owned Small Business Vendor Outreach Session (in honor of the Veterans Day Holiday)	Oxon Hill, MD
December 10, 2001	Information Technology Program Manager Vendor Outreach Session	Oxon Hill, MD
January 22, 2002	Monthly Vendor Outreach Session	Oxon Hill, MD
January 31, 2002	Texas Vendor Outreach Session (note: out of town vendor outreach sessions are planned for areas in which Treasury has a procurement presence)	Fort Worth, TX
February 19, 2002	Monthly Vendor Outreach Session	Oxon Hill, MD
March 25, 2002	Women-Owned Small Business Vendor Outreach Session (in honor of Women's History Month)	Oxon Hill, MD
May 3, 2002	Large Business Prime Contractor and Subcontracting Opportunities Vendor Outreach Session	Oxon Hill, MD
May 13, 2002	Monthly Vendor Outreach Session	Oxon Hill, MD
June 17, 2002	Information Technology Program Manager Vendor Outreach Session	Oxon Hill, MD
July 25, 2002	Indiana Vendor Outreach Session (note: out of town vendor outreach sessions are planned for areas in which Treasury has a procurement presence)	Indianapolis, IN
July 15, 2002	Monthly Vendor Outreach Session	Oxon Hill, MD
August 19, 2002	Monthly Vendor Outreach Session	Oxon Hill, MD

On a four point adjective scale of excellent, good, fair, and poor, 99.8% of all small business participants rated the sessions as excellent or good. We are continuing a similar pattern in FY 03; for example, on November 12, 2002 we hosted our 2nd annual Service Disabled and Veteran Owned Small Business Vendor Outreach Session.

Additionally, in our role as the chair of the OSDBU Directors Interagency Council outreach committee, Treasury took the lead for the fourth year in a row on the 12th Annual OSDBU Directors Procurement Conference which was held on April 23, 2002 at the Show Place Arena in Upper Marlboro, MD. This event featured over 300 exhibits, four seminars, and one-on-one counseling sessions modeled after the Treasury vendor outreach session. At one seminar, Treasury presented our service disabled veteran owned small business strategy. The day drew approximately 2,500 participants resulting in record-breaking attendance, and similar efforts are underway for April, 2003.

Further, in FY 02, we participated in approximately 15 other conferences such as SBA's annual conference in May and Minority Enterprise Development Week in September. Again, we have similar plans for FY 03. As part of our commitment to assist veteran owned and service disabled veteran owned small businesses, we work closely with the Department of Veteran Affairs Center for Veterans Enterprise (CVE) by joining forces on various outreach activities. For example, we have been invited to participate in CVE events and CVE joins Treasury for other events.

Service Disabled Veteran Owned Small Business Strategy and Current Accomplishments

In support of P.L. 106-50, we developed a plan to assist service disabled veteran owned small businesses. After internal analysis and meeting with several veteran organizations, we developed the following strategy:

In accordance with the Small Business Act, the statutory small business goals are as follows:

- 23 percent of prime contracts for small businesses;
- 5 percent of prime and subcontracts for small disadvantaged businesses (SDB);
- 5 percent of prime and subcontracts for women-owned small businesses (WOSB);
- 1.0 percent of prime contracts for HUBZone small businesses (HUBZSB) for FY1999 and not less than 1.5 percent for FY2000, 2 percent for FY2001, 2.5 percent for FY2002 and 3 percent for FY2003 and each year thereafter; and
- 3 percent of prime and subcontracts for service-disabled veteran-owned small businesses (SDVOSB).

In addition to the statutory goals, goals are also established for each agency in the following categories:

- 8(a) prime contracts
- small business subcontracts
- HUBZone small business subcontracts

Although veteran owned small business (VOSB) concerns are included in the policy statement, there is no statutory goal for VOSBs. However, agencies are required to

collect data on VOSB procurement participation and large businesses must submit a VOSB goal in small business subcontracting plans.

Therefore, based on these considerations, Treasury is taking the following actions on an ongoing basis:

- 1) Outreach – host a SDVOSB/VOSB event each November (in honor of the Veterans Day Holiday); work with the Center for Veterans Enterprise and the Small Business Administration
- 2) Meet periodically with trade associations (such as the Association for Service Disabled Veterans) to exchange information, ideas, success stories, etc.
- 3) Introduce/refer SDVOSBs to other programs in which they qualify/have an interest [8(a), HUBZone, etc.]
- 4) Provide proactive inclusion/encouragement to SDVOSBs on small business set-aside acquisitions
- 5) Appoint a SDVOSB/VOSB Coordinator in the Treasury OSBD
- 6) Continue to promote SDVOSB participation in Treasury’s Mentor-Protégé program
- 7) Continue to promote SDVOSB participation in Treasury’s subcontracting program by making the subcontracting plan part of the evaluation criteria on major projects
- 8) Actively seek SDVOSBs from GSA’s Federal Supply Schedule (by examining the SDVOSB category on the GSA website and Federal Procurement Data System internal database)
- 9) Promote the use of all available SDVOSB databases for market research and inclusion/consideration
- 10) Expand Treasury's waiver synopsis for small business set-asides (PIM #02-03; procurements for services over \$25,000 up to \$100,000) by soliciting 5 firms to include, if available, at least: 1 SDB; 1 WOSB; 1 HUBZSB; and 1 SDVOSB.

We continue to make progress toward the 3% goal for SDVOSB participation. A review of data from the Federal Procurement Data Center through the 3rd Quarter of FY 02 shows that among major federal agencies, Treasury ranks #1 in percentage for SDVOSB firms at 0.59% and #4 in total dollars at \$11,663,000. We strongly believe, that over time, our outreach programs and strategy for veteran owned and service disabled veteran owned small businesses will provide more opportunities and subsequent federal contracts and subcontracts.

Recent Awards

Treasury was presented with two prestigious awards from the U.S. Small Business Administration on May 9 and 10, 2002: the Frances Perkins Vanguard Award and the Gold Star Award.

The Frances Perkins Vanguard Award recognizes those federal buying activities, federal procurement officials, and companies that have excelled in their utilization of women-

owned small businesses. The Gold Star Award recognizes federal personnel within a small business office who carry out aggressive goals and strategic initiatives that help ensure a role for small businesses in the Federal marketplace. In conjunction with the Gold Star Award, Treasury was awarded an Agency Goaling Award of Excellence.

Reasons for Treasury's Success

We attribute our small business success to a number of critical factors. These include: senior management support, commitment, a team approach, outreach, information dissemination, training, mentor-protégé/subcontracting efforts, and recognizing that we are part of a larger network that makes up the small business community (senior management, small businesses, large business prime contractors, Small Business Administration, Treasury procurement/program/small business staff, other federal agency small business offices, and small business trade associations). One illustration of this concept regards the placement of the SBA's Procurement Center Representative (PCR) assigned to Treasury. Treasury's OSBD provides office space for the SBA PCR, and the PCR's office is adjacent to the OSBD Director's office. By organizational design, this arrangement promotes teamwork and a genuine partnership that promotes a successful program.

Closing

It is often said that small businesses are the economic engine of our national economy. Accordingly, if small businesses represent the engine, then outreach is the engineer. This concludes my prepared remarks. I would be pleased to answer any questions you might have.